

CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE

Project Staff Report

2021 Second Round

October 20, 2021

Casa Sonoma Apartments, located at 513 West Canal Street in Calexico, requested and is being recommended for a reservation of \$644,715 in annual federal tax credits and \$1,549,636 in total state tax credits to finance the acquisition and rehabilitation of 67 units of housing serving tenants with rents affordable to households earning 30-70% of area median income (AMI). The project will be developed by Synergy Community Development Corporation and is located in Senate District 40 and Assembly District 56.

The project is currently at-risk, but is being recommended for a reservation of tax credits that will be preserve affordability for an additional 55 years. The project will be receiving rental assistance in the form of USDA RHS 521 Rental Assistance.

Project Number CA-21-151

Project Name Casa Sonoma Apartments
Site Address: 513 W Canal St.
Calexico, CA 92231 County: Imperial
Census Tract: 122.000

Tax Credit Amounts	Federal/Annual	State/Total *
Requested:	\$644,715	\$1,549,636
Recommended:	\$644,715	\$1,549,636

* The applicant made an election to sell (Certificate) all or any portion of the state credits.

Applicant Information

Applicant: Step Forward Communities
Contact: Duane Henry
Address: 638 Camino de Los Mares, Suite H130-467
San Clemente, CA 92673
Phone: 850-748-2360
Email: duane.henry@stepforwardcommunities.com

General Partner(s) / Principal Owner(s): Synergy Community Development Corporation
Step Forward Communities
General Partner Type: Nonprofit
Parent Company(ies): Synergy Community Development Corporation
Step Forward Communities
Developer: Synergy Community Development Corporation
Investor/Consultant: Alliant Capital
Management Agent(s): Hyder & Company

Project Information

Construction Type: Acquisition & Rehabilitation
 Total # Residential Buildings: 17
 Total # of Units: 68
 No. & % of Tax Credit Units: 67 100%
 Federal Set-Aside Elected: 40%/60% Average Income
 Federal Subsidy: USDA 538 / USDA RHS 515 and 521 Rental Assistance (27 units - 40%)

Information

Set-Aside: At-Risk
 Housing Type: At-Risk
 Geographic Area: Inland Empire Region
 TCAC Project Analyst: Sarah Gullikson

55-Year Use / Affordability

Aggregate Targeting Number of Units	Percentage of Affordable Units
At or Below 30% AMI: 14	20%
At or Below 40% AMI: 7	10%
At or Below 50% AMI: 24	35%
At or Below 60% AMI: 20	25%
At or Below 70% AMI: 2	0%

Unit Mix

16 1-Bedroom Units
28 2-Bedroom Units
24 3-BedroomUnits
68 Total Units

Unit Type & Number	2021 Rents Targeted % of Area Median Income	Proposed Rent (including utilities)
4 1 Bedroom	30%	\$392
4 1 Bedroom	40%	\$523
3 1 Bedroom	50%	\$634
5 1 Bedroom	60%	\$634
6 2 Bedrooms	30%	\$471
1 2 Bedrooms	40%	\$628
1 2 Bedrooms	40%	\$628
1 2 Bedrooms	50%	\$696
10 2 Bedrooms	50%	\$696
8 2 Bedrooms	60%	\$711
1 2 Bedrooms	70%	\$711
4 3 Bedrooms	30%	\$543
1 3 Bedrooms	40%	\$725
2 3 Bedrooms	50%	\$815
8 3 Bedrooms	50%	\$815
7 3 Bedrooms	60%	\$806
1 3 Bedrooms	70%	\$815
1 3 Bedrooms	Manager's Unit	\$707

Project Cost Summary at Application

Land and Acquisition	\$3,300,000
Construction Costs	\$0
Rehabilitation Costs	\$4,379,540
Construction Contingency	\$426,360
Relocation	\$33,500
Architectural/Engineering	\$145,150
Const. Interest, Perm. Financing	\$336,838
Legal Fees	\$117,000
Reserves	\$212,043
Other Costs	\$114,110
Developer Fee	\$906,514
Commercial Costs	\$0
Total	\$9,971,055

Residential

Construction Cost Per Square Foot:	\$75
Per Unit Cost:	\$146,633
True Cash Per Unit Cost*:	\$146,595

Construction Financing

Source	Amount
Sterling Bank	\$5,225,000
USDA RHS 515	\$1,860,000
Acquired Reserves	\$188,705
Tax Credit Equity	\$3,908,430

Permanent Financing

Source	Amount
Rose Community Capital USDA 538	\$1,122,500
USDA RHS 515	\$1,860,000
Acquired Reserves	\$188,705
Deferred Developer Fee	\$2,581
Tax Credit Equity	\$6,797,269
TOTAL	\$9,971,055

*Less Donated Land, Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

Determination of Credit Amount(s)

Requested Eligible Basis (Rehabilitation):	\$5,967,586
130% High Cost Adjustment:	No
Requested Eligible Basis (Acquisition):	\$2,690,803
Applicable Fraction:	100.00%
Qualified Basis (Rehabilitation):	\$5,967,586
Applicable Rate:	9.00%
Qualified Basis (Acquisition):	\$2,690,803
Applicable Rate:	4.00%
Maximum Annual Federal Credit, Rehabilitation:	\$537,083
Maximum Annual Federal Credit, Acquisition:	\$107,632
Total Maximum Annual Federal Credit:	\$644,715
Total State Credit:	\$1,549,636
Approved Developer Fee (in Project Cost & Eligible Basis):	\$906,514
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.85000
State Tax Credit Factor:	\$0.85000

The “as if vacant” land value and the existing improvement value established at application, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits, unless a waiver has been granted for a purchase price not to exceed the sum of third party debt that will be assumed or paid off. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

Tie-Breaker Information

First:	At-Risk
Final:	34.455%

Significant Information / Additional Conditions

Casa Sonoma Apartments was built in two phases that became operational in 1986 (Casa Sonoma I) and 1989 (Casa Sonoma II). Both phases will be combined into one project, but will retain their respective sets of USDA utility allowances, one per phase.

Resyndication and Resyndication Transfer Event: None.

Local Reviewing Agency

The Local Reviewing Agency has not yet completed a site review of this project. Any negative comments in the LRA report will cause this staff report to be revised to reflect such comments.

Standard Conditions

The applicant must submit all documentation required for a Carryover Allocation and any Readiness to Proceed Requirements elected. Failure to provide the documentation at the time required may result in rescission of the Credit reservation and cancellation of a carryover allocation.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

TCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of TCAC.

The applicant must pay TCAC a performance deposit and allocation fee calculated in accordance with regulation. Additionally, TCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within TCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, TCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from TCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by TCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by TCAC in its final feasibility analysis.

The applicant must ensure the project meets all Additional Threshold Requirements of the proposed project. If points were awarded for service amenities, the applicant will be required to provide such amenity or amenities identified in the application, for a minimum period of fifteen years and at no cost to the tenants. Applicants that received points for sustainable building methods (energy efficiency) must submit the certification required by Section 10325(c)(5) at project completion. Applicants that received increases (exceptions to limits) in the threshold basis limit under Section 10327(c)(5) must submit the certification required by Section 10322(i)(2) at project completion.

Points System	Max. Possible Points	Requested Points	Points Awarded
Owner / Management Characteristics	10	10	10
General Partner Experience	7	7	7
Management Experience	3	3	3
Housing Needs	10	10	10
Site Amenities	15	15	15
Within ½ mile of transit station or public bus stop	3	3	3
Within ½ mile of public park or community center open to general public	3	3	3
Within ½ mile of a full-scale grocery/supermarket of at least 25,000 sf	5	5	5
Within ¼ mile of a public elementary school	3	3	3
Within 1 mile of medical clinic or hospital	2	2	2
Within ½ mile of a pharmacy	2	2	2
Service Amenities	10	10	10
LARGE FAMILY, SENIOR, AT-RISK HOUSING TYPES			
Service Coordinator, minimum ratio of 1 FTE to 600 bedrooms	5	5	5
Adult ed/health & wellness/skill bldg classes, min. 84 hrs/yr instruction	7	7	7
Lowest Income	52	52	52
Basic Targeting	50	50	50
Deeper Targeting – at least 10% of Low Income Units @ 30% AMI or less	2	2	2
Readiness to Proceed	10	10	10
Miscellaneous Federal and State Policies	2	2	2
State Credit Substitution	2	2	2
Total Points	109	109	109

Please Note: If more than the maximum Site Amenity points were requested, not all amenities may have been scored and/or verified.

DO NOT RELY ON SCORING IN THIS COMPETITIVE CYCLE FOR FUTURE APPLICATIONS. ALL RE-APPLICATIONS ARE REVIEWED WITHOUT RELIANCE ON PAST SCORING.